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Earned Income Tax Credit benefits Northern Virginia residents and economy

Free tax preparation available for those who qualify for EITC

Richmond, Va. – Many low-to-moderate income working families and individuals in Northern Virginia qualify for the Earned Income Tax Credit (EITC). An EITC credit can amount to an income tax refund of up to \$4,716. Free tax preparation is available; those who qualify for EITC are eligible to have their taxes prepared at no cost.

According to VDSS Commissioner Anthony Conyers Jr., the tax credit benefits the area in many ways. “The EITC has a positive impact on local families and the local economy,” Commissioner Conyers said. “It’s for working people. It doesn’t cost the Commonwealth or the locality anything. It often boosts the economy through dollars reinvested in the community. The EITC is positive for everyone.”

The Commonwealth and Northern Virginia could see a significant amount of money from the EITC. “In total, Virginians could receive more than \$1 billion per year in federal EITC money if everyone who qualified took advantage of the credit,” said Peggy Friedenberg, EITC program manager with the Virginia Department of Social Services (VDSS). “For those who can’t afford to pay a commercial tax preparer, being able to go to a free tax prep site is extremely beneficial. All tax preparers at the free sites have been trained to look for the most credits and refunds possible for low and moderate-income people,” she added. “If you choose to go to a commercial preparer, make sure to ask if you qualify for the EITC. And remember, you must file a tax return in order to get the credit, even if you think your earnings are too low to have to file,” Friedenberg explained. For the free tax prep site nearest you, call 1-800-906-9887.

Important EITC facts:

- **Benefits to recipients:**

- **Helps the working poor:** The EITC is the largest poverty-fighting program in the country.

Source: The Brookings Institute

- **EITC for the middle class:** Credit is for moderate-income, as well as low-income households. For example, if you have worked in the past year, including self-employment, and have earned less than \$39,783 (if married filing jointly) with more than one qualifying child, you may be eligible.

Source: Internal Revenue Service (IRS)

- **Helping many Virginians:** For tax year 2005, 478,365 Virginia households benefited from EITC; the average credit amount was \$1,834 per household.
Source: IRS
- **Free tax preparation:** Those who are eligible for the EITC also qualify to have their taxes prepared for free at numerous sites throughout Virginia, including many local social services offices. The free tax preparation can mean hundreds of dollars in savings for people who are already struggling to make ends meet.
Source: IRS
- **Improves quality of life:** For many Virginians, EITC often eases their financial strains and can help them better provide for basic needs. The free tax preparation services allow people to save their hard-earned money to use for other necessities.
- **Benefits to all Virginians:**
 - **No cost to state:** The EITC is 100% federally funded.
Source: IRS
 - **Good for the economy:** Since it is federally funded, the EITC actually brings money into Virginia. Dollars returned to Virginia workers are typically reinvested into local economies. The most common uses of EITC refunds include medical care, dental work and much-needed car repairs. Recipients generally use Virginia businesses for these services, which benefits localities and their residents by stimulating the local economy. Recipients often use their refunds to either purchase or repair a car to enable them to get a better job. Doing so may allow them to break out of poverty and become more productive citizens.
Source: The Brookings Institute and the Center for Budget and Policy Priorities
 - **Bringing money into Virginia:** For tax year 2005, Virginians received \$877,336,397 in EITC refunds.
Source: IRS
- **What you need to know:**
 - **Large percentage qualifies but doesn't know:** Up to 22 percent of qualifying Virginia households (between 91,200 and 114,000 households) don't take advantage of the credit. Collectively, these working households may be eligible for an additional projected amount of between \$167,260,800 and \$209,067,000. If all qualifying households took advantage of the EITC, Virginia would top the \$1 billion mark for this federal refund.
Source: The Brookings Institute and IRS
 - **If you don't file, you don't get the credit:** In order to receive the EITC, you must file a federal income tax return, even if you think your earnings are not high enough to require filing.
Source: IRS
 - **Ask about the credit:** Volunteers at the free tax preparations sites are trained to look for eligible EITC households. However, if you choose a professional tax preparation service, be sure to ask if you qualify for EITC.
 - **How to find a free tax preparation site:** For more information, visit www.dss.virginia.gov. To find a free tax preparation site near you, call 1-800-906-9887.

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Editor's note: Attached is a listing of the GREITCC free tax preparation sites in the area, including hours of operation. Interviews are available upon request. For additional story ideas and information, contact Carla Harris, VDSS, (804) 726-7107 or carla.harris@dss.virginia.gov.